TRUST AND STRONG TIES IN THE SELECTION AND EVALUATION OF BUSINESS ADVISORS BY SMALL FIRMS

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This paper examines how perceived trustworthiness affects small firm owners' selection of business advisors using strong ties and how the strength of tie affects the evaluation of the advisor's performance. Differences between professional advisors (consultants, accountants, public enterprise support officers) and informal advisors (family members, friends) are investigated in this context. Hypotheses are tested with survey data comprising 153 young Finnish businesses. The results show that owner-managers think that advisors selected with strong ties perform better, and perceived benevolence of the advisor is the most important trust criterion when using a strong tie to select an external advisor.

INTRODUCTION

A small firm is unlikely to possess internally the full range of knowledge and skills that it requires or could benefit from for the development of its business (e.g., Bryson and Daniels 1998; Hurmerinta-Peltomäki and Nummela 2004; Smallbone, North and Leigh 1993). The ability to acquire suitable external expertise – defined as knowledge or competence that is rare in the firm and acquired from the outside – when needed thus becomes a competitive factor in itself. Access to external expertise enables the firm to focus on its core competencies and removes the necessity to internalize every skill and competence. However, research on how small firms access external expertise is still scarce (for exceptions, see Bennett and Robson 1999; Hjalmarsson and Johansson 2003; Ramsden and Bennett 2005). The present study contributes to this under-developed discussion by analysing the role of trust and strong ties in the small firm's selection and evaluation of sources of external expertise (henceforth referred to as the 'business advisor' or 'advisor').

Granovetter (1973, 1361) defines the strength of a network tie as 'a (probably linear) combination of the amount of time, the emotional intensity, the intimacy (mutual confiding) and the reciprocal services which characterize the tie'. Strong ties in the context of the present investigation refer to sources of external expertise who are well known to the owner-manager, and who may be either informal (e.g., family, friends) or professional advisors (e.g., consultants, enterprise support officers, accountants or solicitors). Previous research has suggested that strong and weak ties have different fortes and the choice of business advisors could thus be critical to business performance (e.g., Burt 2000; Davidsson and Honig 2003; Jenssen and Koenig 2002).

While previous research results suggest that small businesses favour previously well known business advisors (Berry, Sweeting and Goto 2006; Burke and Jarratt 2004; Ellis and Watterson 2001; Ramsden and Bennett 2005), prior studies have also pointed out that an excessive reliance on a network of well known actors might hamper business development, as the range of expertise available through strong ties is limited (Lageman 2001; Raiser 1999; Welter and Kautonen 2005). But are owner-managers of small businesses aware of this limitation and does it matter to them? Or does working with a well-known advisor compensate for it? Hence, our research model first examines the impact of the strength of tie on the business advisor's perceived performance.

Next, we ask what encourages a small business owner-manager to seek advice from a strong tie. A recent exploratory study by Welter and Kautonen (2005, see also Bennett and Robson 1999; Bennett and Robson 2004) drew attention to the central role of trust in this context. However, while their study found support for the general proposition that trust plays an important role in the choice of advisors, how trust and its different dimensions actually affect this choice remained ambiguous. The present paper develops this discussion by considering the impact of the different dimensions of perceived trustworthiness, defined as benevolence, integrity and ability (Mayer, Davis and Schoorman 1995), on the strength of tie. Further, we suggest that the dimensions of perceived trustworthiness relevant in the choice of a strong tie vary between professional and informal advisors.

These propositions are examined empirically based on survey data comprising 153 Finnish small businesses. The data are analysed utilizing the partial least squares (PLS) approach to structural equation modelling with SmartPLS 2.0 (Ringle, Wende and Will 2005). Being non-parametric, the PLS algorithm is particularly well-suited to analysing small datasets with non-normally distributed variables.

THEORY DEVELOPMENT AND HYPOTHESES

Accessing external expertise through strong and weak ties

Literature suggests that a minimum of four stages are involved in the process of selecting the provider of external expertise (Gallouj 1997; Fitzsimmons, Noh and Thies 1998; O'Farrell and Moffat 1991; Stock and Zinszer 1987). The process commences with need recognition, then proceeds to the search for potential providers, an assessment of their strengths and weaknesses, and concludes with a decision to select one provider over the other alternatives. However, in many cases the stages are not followed (e.g., Gallouj 1997; Stock and Zinszer 1987) and only one potential provider may be considered (Johnston and Bonoma 1981; O'Farrell and Moffat 1991). This is particularly likely when a known provider is available, since an existing strong relationship reduces the perceived level of risk in acquiring external expertise (Johnston and Lewin 1996). Given the generally lower level of resources and purchasing professionalism in small firms (e.g., Boter and Lundström 2005; Morrissey and Pittaway 2004; Quayle 2002; Smallbone, North and Leigh 1993), it seems likely that they more often use the short-cut and acquire their external advice from a previously known source without considering alternatives. Indeed, some studies have suggested that small enterprises rely overtly on their immediate networks (e.g., Bryson and Daniels 1998; Viljamaa 2007), i.e. strong ties. This tendency has its pros and cons.

Starting with the pros, social networks of entrepreneurs have been found to play an important role in the establishment, development and growth of small businesses (e.g., Brüderl and Preisendörfer 1998; Chell and Baines 1998; Greve 1995; Lechner and Dowling 2003). Witt (2004, 394) explains the central argument of 'the network success hypothesis' (using a term coined by Brüderl and Preisendörfer 1998, 213) as being based on the proposition that entrepreneurs use their personal network to obtain information and resources at below market rates, and get access to such information and resources that they could not acquire on markets. Strong ties have particular advantages when advice is required on delicate matters or the entrepreneur needs mental, emotional or social support (Johannisson 1988).

On the other hand, even if strong ties are convenient and efficient sources of advice when they are readily available, seeking such people is not always the most effective solution. For example, what if the owner-manager does not have anyone in their immediate social network to turn to for the particular type of expertise required, or even worse, they choose a personally known advisor who provides advice that does more harm than good to the business? Previous literature maintains that an exclusive or over-extensive reliance on the network of closely known actors may hamper business development in the long run because the entrepreneur may miss out on knowledge, skills and opportunities external to this network (Lageman 2001; Raiser 1999).

However, given that business owners, as any economic actors, are boundedly rational (Simon 1957), they may not be aware of the fact that they are making a suboptimal choice. Or, alternatively, being happy enough in the relationship with their current, known advisor owner-managers may perceive the advice received as sufficient (cf. the principle of 'satisficing' in Simon 1957). Furthermore, with expert advice, the owner-managers face a problem of knowledge asymmetry in that they may not be able to

evaluate performance in an area of expertise unknown to them. This in turn can lead to emphasis on subjective cues such as likeability and interpersonal chemistry (Day and Barksdale 1992; Coulter and Coulter 2003), which would favour advisors with strong ties. Based on these arguments, we predict that owner-managers may not distinguish between the performance of informal and professional advisors when strong ties exist. Therefore, we hypothesize that:

> Hypothesis 1: The stronger the tie between the owner-manager and the advisor, the more satisfied the owner-manager is with the advisor's performance disregarding whether the advisor is a professional or an informal source of external expertise.

The role of trust in the choice of a strong tie

The definition of trust has been the subject of debate in a number of different literatures, but especially in the business context it is beginning to converge on the 'willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party' (Mayer, Davis and Schoorman, 1995, 712, see also Nooteboom 2002; Rousseau et al. 1998). The psychological state of trust can be based upon personal knowledge of the trustee or institutional context. Welter and Kautonen (2005) associated strong ties with personal knowledge of the contact or personal trust, while weak ties are more likely to require institutional trust, which is based on the regulations and norms prevalent in the business environment. Personal trust is an important aspect particularly in the selection of advisors, due to its role in reducing ex ante uncertainties (Bennett and Robson 2004).

Personal trust, based upon the formation of a personal relationship, involves the development of perceived trustworthiness, as illustrated in the model of trust proposed by Mayer, Davis and Schoorman (1995). Perceived trustworthiness is proposed to have three dimensions of ability, benevolence and integrity. Ability is the evaluation by the trustor that the trustee is capable of performing the actions that will be relied upon. Benevolence is an evaluation of the trustee's motivations, such that the trustee has no ill will towards the trustor and that the trustee is genuinely concerned about the trustor's welfare. For example, benevolence is likely to be higher when the trustor perceives goal alignment with the trustee. Integrity is the perception that the trustee is honest and will deal fairly. Some degree of ability, integrity and benevolence is necessary even when using a strong tie to access external expertise disregarding whether this individual is a professional or an informal advisor. Therefore we hypothesize that some minimum level of all three dimensions of perceived trustworthiness will be present when a strong tie is used to choose a business advisor.

> Hypothesis 2: Ability, benevolence and integrity will positively influence the use of strong ties in the choice of an external advisor.

Beyond that minimum level, however, the emphases of the different dimensions are likely to vary between professional and informal advisors. Ability may be a basic pre-requisite for the choice of any advisor, but it may well be that if the minimum qualifications set by the owner-manager based on their bounded rationality are met, ability does not have further importance in the case of informal advisors and more subjective criteria such as benevolence are focussed upon (see e.g., Day and Barksdale 2003; Maister 2003). Besides convenience, entrepreneurs turn to family and friends not because they think these are the professionally most qualified people to advice, but because they are expected to have, through the personal relationship, a genuine interest in the help-seeker's welfare. Therefore, it seems logical that benevolence is emphasized more in the context of informal advisors. Here, an existing close and most likely long-term relationship, albeit not necessarily in professional capacity, serves as proof of benevolence.

On the other hand, professional advisors are, first and foremost, performing a service that they get paid for, and are sought primarily because of their competence or ability. Thus, we postulate that ability weighs more when choosing a professional rather than an informal advisor. A strong tie professional advisor will have had the opportunity to prove their ability during the time the strong tie has developed; a professional advisor that showed lack of ability would not have had the opportunity to develop such a tie in the first place.

> Hypothesis 3a: Ability will have a stronger relationship to use of strong ties when choosing a professional, rather than an informal advisor.

> Hypothesis 3b: Benevolence will have a stronger relationship to use of strong ties when choosing an informal, rather than a professional advisor.

While benevolence develops as a product of cumulative personal encounters and transactions (professional or in another capacity) between the advisor and the owner-manager, integrity is also embedded in the broader business community in which these actors operate. Besides personal knowledge, institutional signals and reputation are likely to be used to evaluate a professional advisor's integrity. Many advisor professions such as accountants, solicitors and government enterprise support officers are (self-)regulated by rules, norms and professional ethics (Bennett and Robson 1999), which generate institutional trust in their ability and integrity. Institutional signals of trustworthiness in this context include, for instance, professional certifications, trading standards, codes of conduct and memberships in professional associations (Bennett and Robson 1999; Sztompka 1999; Zucker 1986). Beyond such institutional signals, it may be difficult to assess the integrity of an individual professional advisor because ethical choices are often difficult to identify and evaluate. Hence one would tend to choose a professional advisor who is known to have a good track record for integrity. The track record, or the advisor's reputation, serves not only as information of their past behaviour. A long-term track record of honest behaviour also signals that the advisor values a good reputation and is thus unlikely to behave in a manner that could jeopardize the reputation (cf. 'shadow of the future' in Axelrod 1984, see also Nooteboom 2002; Sztompka 1999).

Such signals of integrity are not available for most informal advisors and, indeed, we suggest that they would not bear that much weight in the choice of an informal advisor either. We propose that benevolence could be a substitute for integrity and since benevolence is a more important consideration when turning to an informal advisor (Hypothesis 3b), the substitution effect is more relevant in the context of informal advisors. For example, even if the business-owner knew that Uncle Ernie cheats at cards, she knows that he would not be dishonest with her because she has known him for years and considers him to be highly benevolent towards her. Hence, we suggest that more emphasis on integrity is desirable when choosing a strong-tie professional advisor.

> Hypothesis 3c: Integrity will have a stronger relationship to the use of strong ties when choosing a professional, rather than an informal advisor.

METHODOLOGY

Data Collection

The following empirical analysis is based on data from a September 2007 survey of Finnish small enterprises (employing less than 50 people). Entrepreneurs were asked to provide information about the person they most recently turned to when they required external help, advice or support for their business. The sample was drawn from the Business Register maintained by Statistics Finland, which is a government agency that maintains and develops national official statistics. The Business Register includes all Finnish businesses (including sole proprietors) that are liable to pay value added tax, which is required of all businesses that generate an annual turnover of 8500 Euros or more. The sampling frame included all businesses that had registered in the period from 2000 to 2006, amounting to a total of 97,804 enterprises. A random sample was drawn and 1089 questionnaires were sent out by regular mail, which resulted in 153 usable responses (response rate: 14 %). Although missing values were few (five or less per variable), they were estimated by means of the EM (expectation maximization) algorithm in SPSS in order not to lose any cases in the final analysis.

A little over a third (37.0 %) of the sampled firms had been established in the past two years, while the rest were more mature enterprises. Sole proprietors comprise 40.0 % of the total sample, while another 53.3 % employ less than 10 people and are thus considered micro enterprises according to the EU classification (European Commission 2003). Thus, only a small minority of 6.7 % of the total sample employ between 10 and 49 people. This sample is typical of the Finnish small business population (Statistics Finland 2005).

Measures

Based on Granovetter's (1973; 1985) conceptualization, the strength of tie was operationalized as a three-dimensional construct consisting of the depth of the relationship (how well the person is known), the frequency of contact and the embeddedness of the tie in a network of mutual friends and acquaintances. The scales for the three dimensions of perceived trustworthiness (ability, benevolence and integrity) were adapted from Mayer and Davis (1999). The scale for the advisor's perceived performance was developed specifically for this study and it measured performance in terms of speed, creativity, appropriateness and cost. The construct scales are displayed in Appendix 1 together with the item measures and their means, standard deviations and loadings. Further, our questionnaire included a categorical variable that enquired whom the owner-manager had most recently turned to for external expertise. We dichotomized this variable by grouping friends, family members and former colleagues into informal advisors, and consultants, solicitors, accountants and enterprise support officers into professional advisors.

Analysis

The data were examined by means of the partial least squares (PLS) approach to structural equation modelling (Chin 1998; Wold 1985) utilizing SmartPLS 2.0 (Ringle, Wende and Will 2005). While covariance-based methods of structural equation modelling (e.g., LISREL or AMOS) are more widespread, we decided in favour of the PLS approach due to its non-parametric nature which makes it suitable for analysing relatively small datasets with non-normally distributed variables (Chin 1998). A model such as the present one where a maximum of three independent variables predict a dependent variable requires a minimum sample size of just 30 observations for stable and reliable estimates. The data analysis process involved two main steps. First, we tested the hypothesized relationships on the whole sample (n=153). Second, an exploratory group comparison (Chin 2000) was conducted by running the same model for two subsamples: respondents who had recently turned to a professional advisor for advice, help or support (n=86) and those who had relied on informal advisors in this context (n=67).

DATA ANALYSIS AND RESULTS

Assessment of measurement models

The model consists of five reflective constructs: perceived performance of the advisor, the strength of tie, and the three perceived trustworthiness constructs of benevolence, ability and integrity. For all of these constructs, all item measures show loadings of more than 0.7 in the aggregate sample so that no item measure had to be deleted (Appendix 1). The loadings in both subsamples were also satisfactory. Construct reliability was assessed by calculating Cronbach's alpha, composite reliability and average variance extracted. Table 1 displays these scores for the aggregate sample and both subsamples. All constructs show satisfying levels that are in keeping with the usual threshold values of 0.7 for Cronbach's alpha and composite reliability and 0.5 for average variance extracted (Chin 1998; Nunnally 1978). The only exception is the Cronbach alpha value for the strength of tie construct in the professional advisor subsample, which however is only marginally below the threshold value and compensated by a more than acceptable composite reliability.

Insert Table 1 about here

Assessment of structural models

In order to estimate paths between the variables, the path weighting scheme was utilized, being the only weighting scheme that explicitly considers the conceptual model directions of the causal relationships between exogenous and endogenous variables (Chin 1998; Lohmöller 1989). Following common conventions, the abort criterion for the iterative estimation process was selected as a change of the estimated values of just 10^{-5} percent between two iterations. In order to determine the significance of each estimated path, a standard bootstrapping procedure (Yung and Bentler 1996) was applied with 500 re-samples consisting of the same number of cases as in the original sample. The same process was followed for the aggregate sample as well as the two subsamples. Figure 1 depicts the results of the three path models.

Insert Figure 1 about here

Results show that all three models explain a satisfying amount of variance in both endogenous variables with R^2 values ranging from 0.35 to 0.40 for the strength of tie and from 0.21 to 0.23 for advisor's performance. This indicates an acceptable explanatory power for the model. Moreover, the Stone-Geisser-Criterion points towards the interpretation that all models are of satisfying predictive relevance, given that the Q^2 values for both endogenous variables are clearly above zero in all three models. Therefore, an interpretation of the conceptual model's causal relationships is possible. The actual structural relationships as indicated by the path coefficients and their implications in terms of our research hypotheses are discussed next.

Results

The path model shows that the stronger the tie, the more positively the advisor's performance is perceived. Thus, Hypothesis 1, that use of a strong tie will be associated with higher perceptions of performance is clearly supported.

In terms of the dimensions of perceived trustworthiness in the general model, benevolence is clearly the most significant ($p < 0.001$) predictor of the choice of a strong tie for external expertise. While ability also reaches a moderate level of statistical significance, integrity does not have a statistically significant impact on the choice of a strong tie. Therefore, it seems that trust in the ability and benevolence of a strong tie advisor are enough, while integrity is not emphasized. Hence, we found support for two out of three independent variables included in Hypothesis 2.

However, the path coefficients differed between the professional and informal advisor subsamples. In terms of Hypotheses 3a-c, the results of the exploratory group comparison (Table 2) show that Hypothesis 3a regarding ability being associated with strong ties more pronouncedly when choosing a professional advisor was not supported. The relationship between ability and strength of tie was barely significant whether it was a professional or informal advisor.

Hypothesis 3b arguing that benevolence is more strongly associated with strong ties in the context of choosing an informal advisor received some support because the path coefficient in the informal advisor subsample was much larger than in the professional advisor subsample. However, the difference in the group comparison was barely significant ($p < 0.1$).

Hypothesis 3c postulating that integrity would be more strongly associated with strong ties in the choice of a professional advisor was supported. Not only is integrity positively associated with strong ties when choosing a professional advisor, but in fact it is the most important dimension of trustworthiness in this context. However, the statistically significant ($p < 0.01$) result that integrity is of no concern, or even negative, when using strong ties to choose an informal advisor is somewhat surprising.

Insert Table 2 about here

DISCUSSION

The empirical analysis revealed a number of interesting, sometimes surprising results. Firstly, the results provided support for the proposition that the owner-manager will be more satisfied with the external expertise provided by a strong tie, disregarding whether this well-known individual is a professional or an informal advisor. The reasoning behind this proposition was not that the expertise provided by a strong tie would be better as such, but that the owner-managers value the support that they get from close ties due to the quality of the relationship or that they may be unaware of what alternatives there are in the market to access external expertise. What this means, however, is that the small business owner runs the risk of not getting the best possible expertise for the development of their business. An important limitation of the current study in this context is that we cannot link the use of strong ties to the performance and development of the business. For many businesses, it probably does not matter if they do not get the most competent advice, especially if the business is lifestyle rather than growth-oriented. Given the broad cross-sectoral sampling of the present study, most of the respondents own very small firms and are not likely to be very growth-oriented. An implication of this discussion for further research is to examine the impact of using primarily strong ties for accessing

external expertise where the firms are likely to be growth-oriented, for instance in the high tech industries. Given that high-growth enterprises are an important catalyst of job creation and other positive economic externalities associated with entrepreneurship (Minniti, Bygrave and Autio 2005; Parker 2004), the potentially adverse effects of strong ties could have broader implications than performance at the micro level of individual businesses.

The results concerning the roles of the different dimensions of perceived trustworthiness when using strong ties to recruit informal or professional advisors were somewhat unexpected. In general, benevolence was clearly the most important basis for trust, while ability also had some importance. Interestingly, integrity was non-significant in the general model. The lack of a significant connection between integrity and the use of strong ties can be explained when we look at the differences between the use of strong ties to select informal compared to professional advisors. Hence, when using strong ties to access external expertise for advice and help, it seems that small business owners, in general, put most emphasis on the criterion that the advisor is genuinely interested in their welfare. One explanation for the particular emphasis on benevolence when strong ties are used is that ability is known and taken for granted and is thus not considered as useful for distinguishing suitable advisors. Why ask for someone's help if they are not perceived to have the ability to provide it? Moreover, the ability sought in a strong tie may be this person's tacit knowledge of the business (Bennett and Robson 1999), which may not be consciously used as a criterion when selecting advisors. Even if a previously unknown advisor may be perceived to be competent based on institutional trust signals such as professional certificates, codes of conduct and memberships in professional associations (Sztompka 1999; Welter and Kautonen 2005; Zucker 1986), no such institutional signal exists that would tell the small business owner that the advisor truly cares about the firm's and its owner's best interests. Therefore, it seems logical that it is the benevolence dimension of perceived trustworthiness that is emphasized in the choice of a strong tie.

Interestingly, the group comparison of respondents who had chosen a professional advisor and those who had turned to an informal advisor the last time they needed help and advice, revealed that while ability was an equally important consideration in both subsamples, there were pronounced differences in the emphases placed on integrity and benevolence. When choosing a well-known informal advisor, benevolence was emphasized even more strongly than in the aggregate sample. This result was as expected because the very reason, besides convenience, why a small business owner turns to a friend or family member is that these individuals truly care about the owner-manager's welfare. Benevolence played a lesser, but nonetheless somewhat significant role in the choice of a well-known professional advisor as well. This finding points to the interpretation that a long-term relationship between a professional advisor and a small business owner generates a feeling of mutual bonding and goodwill, which becomes a factor in the choice of this particular advisor when external expertise is required.

Perhaps the most surprising finding of this analysis was that integrity becomes a significant factor in the choice of a strong tie professional advisor, while it has a negative impact in the context of informal advisors. The emphasis on integrity in the context of professional advisors could be due to the fact that owner-managers have had bad experiences with consultants, accountants or enterprise support officers previously, which is why they particularly value the fact that the current professional advisor, selected with a strong tie, is probably known through experience to be honest. Another explanation could be a general lack of trust by small business owners towards consultants and similar advisor groups as a profession (Kautonen and Welter 2005). Once the owner-manager has found a professional advisor that they have seen to keep their promises and behave in an honest manner, this evidence becomes an important criterion for turning to this particular advisor for external expertise.

While we expected integrity to have a stronger relationship to strong ties when selecting professional advisors, we were surprised to find that integrity was negatively associated with strong ties when selecting an informal advisor. Could this mean that when informal advisors are selected using strong ties, and the entrepreneur knows the honesty of the individual, integrity may not be as relevant to their business relationship as in other situations where integrity is more difficult to assess? Alternatively, as suggested above, benevolence may substitute for integrity when advice is sought from a relative or friend. More research is needed on this aspect.

CONCLUSION

This research contributes to the theory of trust and the use of strong ties in the selection and evaluation of business advisors as a source of external expertise for small firms. Specifically we propose a model that relates the three dimensions of perceived trustworthiness to the use of strong ties and the perceived performance of informal and professional advisors.

The results showed that the stronger the tie, the better the perception of the advisor's performance, for both professional and informal advisors. Moreover, the results showed that benevolence – the perception that the advisor truly cares about the small business owner's welfare – is the most important dimension of trust when using a strong tie to access external expertise. Benevolence was particularly pronounced in the selection of informal advisors, while integrity was a significant predictor of the use of a strong tie when choosing a professional advisor. Ability was somewhat important in the general model as well as in both subsamples.

In terms of further research, it would be interesting to extend the model by adding other factors, such as convenience and proximity, to predict the choice of a strong tie. Similarly, more predictors could be added to examine the factors besides the strength of tie which influence how the small business owner perceives an advisor's performance. Further research is also needed to examine the economic impact of the primary reliance on strong ties for external expertise. If the small business owner is unaware of other providers of external expertise outside their immediate network, could this limited and perhaps biased, suboptimal range of external expertise hamper the business' performance? If it does, does this effect vary for instance between types of firms and industrial sectors?

The findings of this study have some practical relevance to the enterprise support community. First of all, given that the strength of tie has a significant positive impact on the advisor's perceived performance, this implies that small business owners appreciate working with advisors in long-term relationships. Therefore, advisors are well advised to invest into relationship building and maintenance in their work with small firms. Secondly, the results show that, especially in the context of professional advisors, the advisor's perceived integrity and benevolence weigh more than ability. This again emphasizes the need to invest time and effort into building a personal relationship with the owner-manager, rather than merely maintaining a professional image and credentials. Finally, this study demonstrates that the dimensions of perceived trustworthiness are orthogonal with different effects on the strength of tie and ultimately perceived performance. This means that entrepreneurs and advisors should consider the specific dimensions of ability, benevolence and integrity, rather than rely on general perceptions of trustworthiness in their advice relationships.

APPENDIX

Means, standard deviations and loadings of the construct variables

Variable (all measured on a 7-point Likert scale; translated from Finnish)	Mean	s.d.	Loading
Advisor's performance (developed specifically for this study)			
The person I chose reacted quickly to my request for help.	6.07	1.00	0.77
This person acted creatively in solving the problem.	5.52	1.27	0.87
The help I received was appropriate to solving the problem at hand.	5.95	1.00	0.83
The help I received had a good price/quality ratio.	5.95	1.23	0.84
Strength of tie (based on conceptualizations in Granovetter 1973, 1985)			
How well did you know this person?	5.60	1.74	0.78
Do you and this person have a lot of common acquaintances?	4.22	2.15	0.84
How often are you in contact with this person?	5.43	1.55	0.81
Benevolence (based on Mayer and Davis, 1999)			
This person is very concerned about my welfare	4.37	2.03	0.87
My needs and desires are very important to this person	4.74	1.75	0.83
This person would not knowingly do anything to hurt me	5.55	1.81	0.83
Ability (based on Mayer and Davis, 1999)			
This person is very capable and able	5.72	1.22	0.92
This person has much knowledge regarding my need for help	6.06	1.09	0.82
I have confidence in this person's skills and ability	6.15	0.84	0.86
Integrity (based on Mayer and Davis, 1999)			
I have never had to wonder whether this person will stick to his/her word	5.51	1.78	0.93
This person has a strong sense of justice	5.41	1.70	0.90
This person always tries to be fair in dealings with others	5.29	1.78	0.84

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Table 1 Construct reliability measures – Cronbach's alpha, composite reliability (CR) and average variance extracted (AVE)

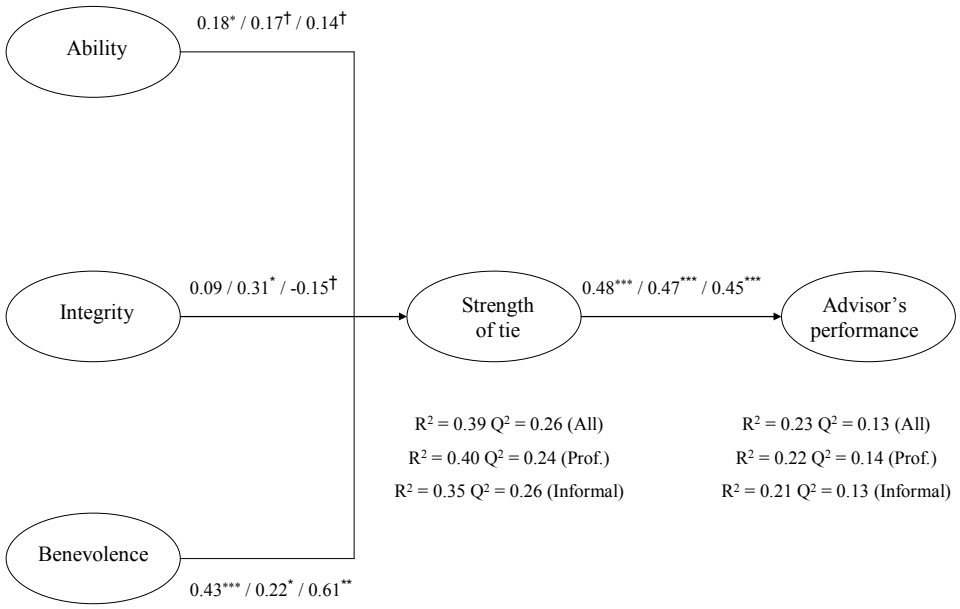
Construct	Measure	All	Professional	Informal
	Alpha	0.85	0.86	0.86
Advisor's performance	CR	0.90	0.90	0.90
	AVE	0.68	0.70	0.70
	Alpha	0.74	0.66	0.81
Strength of tie	CR	0.85	0.81	0.89
	AVE	0.66	0.59	0.72
	Alpha	0.82	0.76	0.87
Benevolence	CR	0.88	0.84	0.91
	AVE	0.65	0.58	0.71
	Alpha	0.88	0.88	0.86
Ability	CR	0.92	0.92	0.90
	AVE	0.88	0.74	0.71
	Alpha	0.86	0.87	0.83
Integrity	CR	0.91	0.92	0.90
	AVE	0.78	0.79	0.75

Table 2 Differences between path coefficients in professional advisor and informal advisor subsamples

	Professional advisor (n=86)	Informal advisor (n=67)	Path coefficient Δ
SoT -> Advisor's performance	0.47	0.45	0.02
Ability -> SoT	0.17	0.14	0.03
Integrity -> SoT	0.31	-0.15	0.46**
Benevolence -> SoT	0.22	0.61	0.39†

† $p < 0.10$; * $p \leq 0.05$; ** $p \leq 0.01$; *** $p \leq 0.001$ (one-sided t-test with 151 df for the difference in path coefficients). SoT = strength of tie.

Figure 1. Results – partial least squares path models for the aggregate sample (All) / professional advisors subsample (Prof.) / informal advisors subsample (Informal)



† $p < 0.10$; * $p \leq 0.05$; ** $p \leq 0.01$; *** $p \leq 0.001$ (one-sided t-test with 500 df)